

Local Government Finance Settlement 2023/24 / Statistics for 2021/22

March 23

A number of recent reports provide updated information on local government finance. The Scottish Government has published the 2023/24 Local Government Finance Circular and has released Local Government Finance Statistics for 2021/22.

The 2023/24 [Local Government Finance Circular](#) 3/23 contains the Local Government Settlement figures after the Scottish Parliament approved the Local Government Finance (Scotland) Order 2023. This updates on the provisional 2023/24 allocations, from the Dec 11/22 Local Government Finance Circular. (These were noted in our Feb 23 [e briefing](#) on Local Government Finance 2023/24 Council Funding Allocations in a table from the Scottish Parliament Information Centre ([SPICe](#)) [briefing](#) 'Local government finance: Budget 2023-24 and provisional allocations to local authorities'.)

The settlement includes a range of extra funding towards pay including £260m to support the local government pay deal, with additional funding to ensure payment of SSSC fees for the local government workforce will be made on a recurring basis; an initial £100m contribution for non-teaching staff pay; and £123m of support towards the teachers' pay negotiations, (pay offer since accepted). Also, £100m to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services. Other increases include £72.5m to the General Revenue Grant, £105m to give effect to the devolution of Non-Domestic Rates Empty Property Relief and £50m capital to help with the expansion of the Free School Meals policy.

However, [UNISON warned](#) the £100m announced on 21 February was nowhere near enough for a decent pay uplift for local government workers. And COSLA [updated](#) its [December 22 'Budget Reality'](#) briefing on the Local Government Settlement 2023/24, arguing that once all commitments are covered for 2023/24, the increased funding was only a £69.6m cash increase - not the £751m cash increase claimed after the Budget Bill. COSLA said: "The additional funding therefore does very little to address the considerable financial pressures for Local Government in 2023/24." Fears of [job losses](#) (consistent with the Scottish Government's June 2022 'Resource Spending Review: Plans to 2027' which suggested reducing the public sector workforce by 30,000) and major [cuts to services](#) (see also <https://news.stv.tv/politics/at-a-glance-how-much-is-council-tax-rising-and-whats-being-cut-where-you-live-in-scotland>), despite increases in council tax rises, remain. These are following on from the January Accounts Commission Local Government Finance Bulletin warning that councils faced "the most difficult budget setting context seen for many years with the ongoing impacts of Covid 19, inflation and the cost of living crisis."

On 27 Feb COSLA joined with local government trade unions in a [letter](#) to Depute First Minister John Swinney. UNISON, Unite, the GMB and COSLA said that local government needs extra funds to avert industrial action this year, arguing that despite the £100m additional funding announced for local authorities, "councils continue to be under significant financial pressures - so significant as to prevent a pay offer being made to SJC workers in 2023/24 that would meet their expectations".

The UK Spring Budget, on 16 March, included various announcements that will see the Scottish Budget increase in the next two years by £320m, mostly due to Barnett consequential from UK Government childcare policy. (See SPICE [Spring Budget briefing](#).)

The [Funding of Local Government in Scotland 2023/24](#) is an Official Statistics publication for Scotland. It details the calculations used to distribute £14.5 billion of General Funding “fairly” between councils. See below for tables of funding allocations to each council and as £ per person.

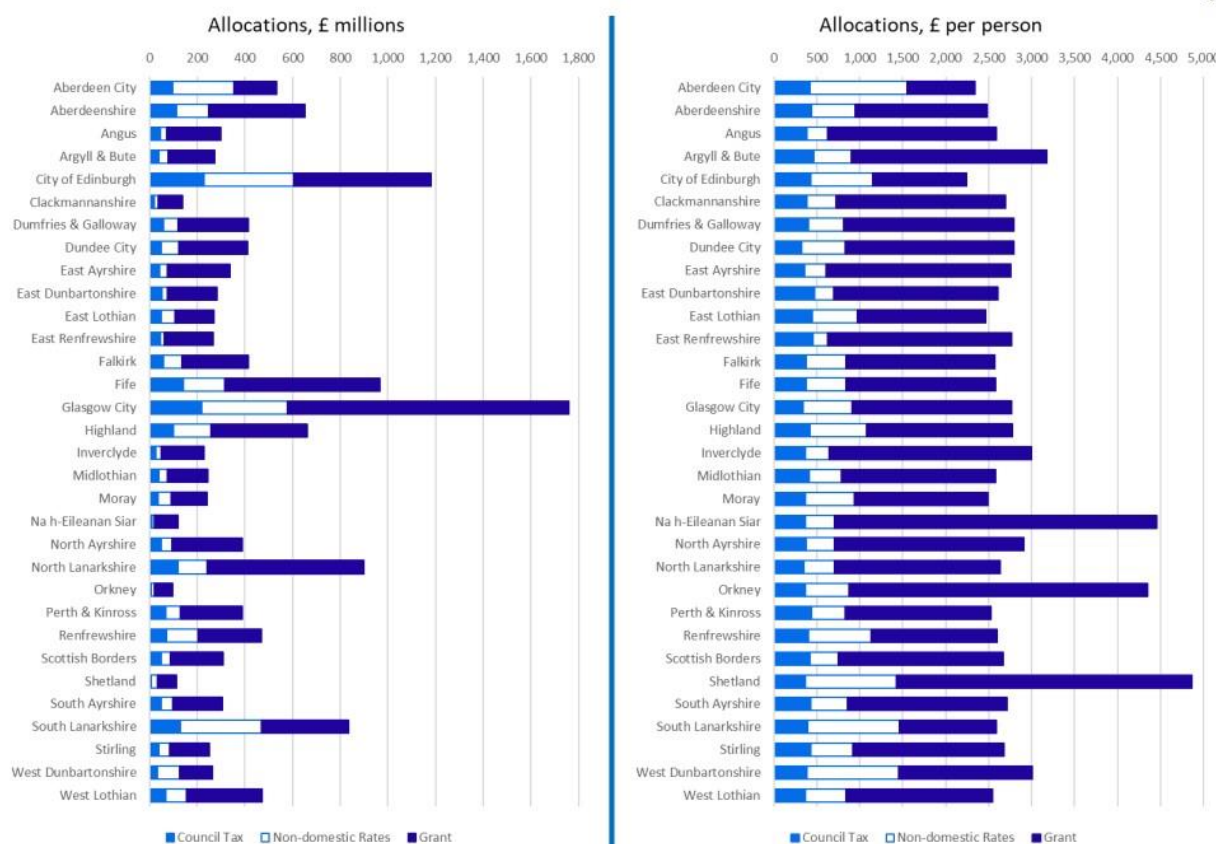
It notes that in 2021-22 councils spent about £23 billion, around £4,300 per person in Scotland. This came from service income, which must be used for the stated purpose, totalling £9.8bn and around £14bn of general funding: council tax raised £2.6bn (19% of councils’ general funding); non domestic rates, paid mainly by businesses, raised £2bn (15% of general funding) and Scottish Government grant totalled £9bn (66% of general funding).

The Scottish Local Government [Finance Statistics for 2021/22](#) provides 77 pages of detailed information, including key facts showing Net Revenue expenditure of £11,780m (education services spending was £5,867m, with social work services £3,817m) and Non Service Expenditure of £1,714m, from General Funding of £13,788m, with £294m Surplus added to Reserves. Total capital expenditure was £3,341m. Usable reserves at 31 March 2022 was £4,266m, with total debt £20,549m (an increase of 4.3% since 2021). In 2021/22 local authorities repaid £553m of debt. Education spending was up 6.2% on the previous year, with social work up 7.8% and roads and transport down 11.7% to £404m (mainly due to a recovery in income from Parking Service and a decrease of £16m on winter road maintenance). Employee costs were up 5.5% to £8,641m and rose by 25.9%, or £1,777m over the last five years. The provisional in-year Council Tax collection rate for 2021-22 was 95.7% - this is the proportion billed that was collected by 31 March 2022.

Tables for 23-24 from the [Funding of Local Government in Scotland 2023/24](#) showing proportions of funds from council tax, non-domestic rates and Scottish government grant.

How much will each council receive?

Finance Circular
3/2023



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